

Message Text

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ORIGIN EB-11

INFO OCT-01 AF-10 ARA-16 EUR-25 EA-11 ADP-00 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 GSA-01 OEP-01 L-03 H-03 INT-08 SSO-00

NSCE-00 PA-03 PRS-01 USIE-00 INRE-00 IO-13 /204 R

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ARA/AP/B:JBINNS

EUR/NE:CFLOYD WH:MR. ODEEN

AF/W:ARMCKEE AF/EP:RBLOMBARDI

AF/C:SHAMRICK S/S:MR. GAMMON

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FM SECSTATE WASHDC

TO AMEMBASSY KUALA LUMPUR IMMEDIATE

AMEMBASSY JAKARTA

AMEMBASSY BANGKOK

AMEMBASSY CANBERRA

AMEMBASSY LA PAZ

AMEMBASSY LONDON

AMEMBASSY LAGOS

AMEMBASSY KINSHASA

INFO USMISSION EC BRUSSELS

C O N F I D E N T I A L STATE 155287

E.O. 11652: GDS

TAGS: EMIN, ECON

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SUBJECT: TIN DISPOSALS

1. DEPT HAS BEEN DIRECTED TO CONSULT WITH TIN PRODUCING COUNTRIES ON A REVISED TIN DISPOSAL PROGRAM FOR FIRST SIX MONTHS OF FISCAL YEAR 1974. PROPOSED INCREASE IS FROM 5,000 TONS TO 17,000 TONS.

2. DEPT WILL CONSULT WITH EMBASSY REPRESENTATIVES IN WASHINGTON BUT IF HOST GOVERNMENTS INQUIRE ABOUT REVISED PROGRAM, ADDRESSEE POSTS MAY DRAW ON FOLLOWING TALKING POINTS:

A. IN FIRST TWO WEEKS OF JULY, GSA SOLD ALL 5,000 TONS OF TIN ORIGINALLY SLATED FOR DISPOSAL DURING FIRST SIX MONTHS OF FY 1974.

B. TIN PRICE HAS NOT RPT NOT BEEN AFFECTED BY GSA SALES. IN FACT, TIN PRICE HAS REACHED RECORD LEVELS IN US AND ON LONDON METAL EXCHANGE. ON AUG 1 NEW YORK PUBLISHED PRICE WAS 248.5 CENTS PER POUND AND LME SETTLEMENT PRICE WAS 2060 POUNDS STERLING PER METRIC TON. PRICE IN PENANG WAS 700 MALAYSIAN DOLLARS PER PICUL, OR IN TOP HALF OF ITC BUFFER STOCK UPPER RANGE.

C. WHEN GSA BEGAN SALES IN JUNE, NY PRICE WAS 207 1/2 CENTS PER POUND, LME PRICE 1735 POUNDS PER METRIC TON AND PENANG PRICE 643 MALAYSIAN DOLLARS PER PICUL.

D. SUSTAINED RECORD PRICES FOR TIN WILL HASTEN SUBSTITUTION OF TIN-FREE STEEL AND OTHER ALTERNATIVES TO TINPLATE. PRODUCERS SHOULD BE WORRIED ABOUT CURRENT PRICES WHICH ARE NEAR CEILING OF ITC BUFFER STOCK RANGES.

E. IN CONSULTATIONS DEPT ASSURED TIN PRODUCING NATIONS THAT THERE WILL BE AN IMMEDIATE REVIEW OF TIN DISPOSALS IF TIN PRICE DROPS PRECIPITOUSLY.

F. BEFORE EMBARKING ON TIN DISPOSAL PROGRAM FOR THE FINAL SIX MONTHS OF FY 1974, USG WILL REVIEW IN DECEMBER

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THE IMPACT OF THE FIRST SIX MONTH'S SALES.

3. DURING RECENT GSA EXHAUSTIVE REVIEW OF CONGRESSIONAL AUTHORIZATIONS FOR COMMODITY DISPOSALS, GSA DETERMINED THAT INSTEAD OF 18,523 TONS OF TIN AVAILABLE UNDER CURRENT AUTHORIZATION WHEN SALES BEGAN IN JUNE, THE TOTAL SHOULD HAVE BEEN 49,897 TONS. CONGRESSIONAL AUTHORIZATIONS GIVEN IN 1962 AND 1964 WERE FOR TOTAL OF 148,000 TONS AND

AS OF JUNE 1973 SALES TOTALLED 98,103 TONS. WHEN
AUTHORIZATION GRANTED IN 1964 STOCKPILE OBJECTIVE WAS
200,000 TONS, BUT IN MARCH 1969 OBJECTIVE WAS RAISED TO
232,000 TONS. HOWEVER, DISPOSAL AUTHORIZATIONS REMAINED
IN FORCE.

4. DEPT INTENDS BEGIN CONSULTATIONS ON AUG 8 AND POSTS
SHOULD NOT DISCUSS REVISED PROGRAM BEFORE THAT DATE.
DURING CONSULTATIONS DEPT WILL ALSO INFORM EMBASSY REPS
OF REVISED FIGURE FOR AUTHORIZED DISPOSALS.

5. FOR LONDON. EMBASSY SHOULD INFORM ALLEN OF ITC ON
AUG 9 OFGSA PROPOSAL AND, IF ASKED, SAY DEPT WOULD
AGAIN RECEIVE ITC DELEGATION IN WASHINGTON IF ITC
WISHES TO COME. AS IN PREVIOUS CONSULTATIONS DEPT HAS TEN
WORKING DAYS TO REPLY TO GSA PROPOSAL.

6. FOR BANGKOK AND LA PAZ. LETTERS TO PRESIDENT BANZER
AND PRIME MINISTER KITTAACHORN BEING SENT SEPTELS. ROGERS

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